



Billing Code 3410-08-P

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 457

Docket No. FCIC-11-0004

RIN 0563-AC29

Common Crop Insurance Regulations; Onion Crop Insurance Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Final rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) finalizes the Common Crop Insurance Regulations, Onion Crop Insurance Provisions. The intended effect of this action is to provide policy changes and clarify existing policy provisions to better meet the needs of insured producers, and to reduce vulnerability to program fraud, waste, and abuse. The changes will apply for the 2013 and succeeding crop years.

DATES: This rule is effective (insert date 30 days after this rule is published in the Federal Register).

FOR FURTHER INFORMATION CONTACT: Director, Product Administration and Standards Division, Risk Management Agency, United States Department of Agriculture, Beacon Facility, Stop 0812, Room 421, P.O. Box 419205, Kansas City, MO, 64141-6205, telephone (816) 926-7730.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This rule has been determined to be non-significant for the purposes of Executive Order 12866 and, therefore, it has not been reviewed by the Office of Management and Budget.

Paperwork Reduction Act of 1995

Pursuant to the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the collections of information in this rule have been approved by OMB under control number 0563-0053.

E-Government Act Compliance

FCIC is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

Executive Order 13132

It has been determined under section 1(a) of Executive Order 13132, Federalism, that this rule does not have sufficient implications to warrant consultation with the States. The provisions contained in this rule will not have a substantial direct effect on States, or on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

Executive Order 13175

This rule has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. The review reveals that this

regulation will not have substantial and direct effects on Tribal governments and will not have significant Tribal implications.

Regulatory Flexibility Act

FCIC certifies that this regulation will not have a significant economic impact on a substantial number of small entities. Program requirements for the Federal crop insurance program are the same for all producers regardless of the size of their farming operation. For instance, all producers are required to submit an application and acreage report to establish their insurance guarantees and compute premium amounts, and all producers are required to submit a notice of loss and production information to determine the amount of an indemnity payment in the event of an insured cause of crop loss. Whether a producer has 10 acres or 1000 acres, there is no difference in the kind of information collected. To ensure crop insurance is available to small entities, the Federal Crop Insurance Act authorizes FCIC to waive collection of administrative fees from limited resource farmers. FCIC believes this waiver helps to ensure that small entities are given the same opportunities as large entities to manage their risks through the use of crop insurance. A Regulatory Flexibility Analysis has not been prepared since this regulation does not have an impact on small entities, and, therefore, this regulation is exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605).

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372, which require intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order 12988

This final rule has been reviewed in accordance with Executive Order 12988 on civil justice reform. The provisions of this rule will not have a retroactive effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. With respect to any direct action taken by FCIC or action by FCIC directing the insurance provider to take specific action under the terms of the crop insurance policy, the administrative appeal provisions published at 7 CFR part 11, or 7 CFR part 400, subpart J for determinations of good farming practices, as applicable, must be exhausted before any action against FCIC for judicial review may be brought.

Environmental Evaluation

This action is not expected to have a significant economic impact on the quality of the human environment, health, or safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Background:

This rule finalizes changes to the Common Crop Insurance Regulations (7 CFR part 457), Onion Crop Insurance Provisions that were published by FCIC on July 21, 2011, as a notice of proposed rulemaking in the Federal Register at 76 FR 43606 – 43610. The public was afforded 60 days to submit comments after the regulation was published in the Federal Register.

A total of 35 comments were received from 6 commenters. The commenters were insurance providers, an insurance service organization, and other interested parties.

The public comments received regarding the proposed rule and FCIC's responses to the comments are as follows:

General

Comment: A commenter stated many of the proposed changes in the Onion Crop Provisions Proposed Rule, as explained in the “Background” section, appear to be reasonable.

Response: FCIC thanks the commenter for their review of the proposed rule and their support.

Section 1 - Definitions

Comment: A few commenters recommended beginning the definition of “non-storage onions” with the phrase “Onions of a Bermuda, Granex, or Grano variety...” consistent with the definition of “storage onions.”

Response: FCIC agrees with the commenters and has revised the provision accordingly.

Comment: A few comments were received regarding the definition of “onion production.” The commenters stated FCIC proposed removing the phrase “of recoverable size and condition” because as stated in the Background of the proposed rule “these terms are vague and ambiguous.” However, if that phrase is deleted, the commenters questioned whether it will mean that onions that are too small to recover could be considered “onion production.” The definition of “damaged onion production” includes onions that do not meet certain grade standards. The commenters questioned whether it is supposed to be implied that (undamaged) “onion production” will always meet those standards. The commenters questioned whether this definition should also include some reference to those standards. While damaged onions are considered storage type onions that do not grade U.S. No. 1 or do not satisfy any other standards that may be contained in the Special Provisions, or non-storage type onions that do not satisfy any applicable marketing order (i.e., U.S. commercial), there are many times the insurance provider has had to deal with unharvested onions that obviously made grade, but there is a crop production loss, and they are able to determine the production to count based on weighing what the harvest equipment could pick up without having to have the crop graded by state/federal graders. The insurance provider was able to get the producer to harvest a representative strip and did not have to manually dig the onions with shovels, or deal with grading. The commenters felt

the deleted phrase either needs to be retained, or if it is considered to be too vague, it can be further defined by indicating something about the size and condition that can be picked up by normal harvesting equipment. It would be very inefficient for adjusters to hand dig, bag and haul the really small onions that would not have been picked up by the harvesting equipment to have them graded because of the multitude of different marketing orders for size requirements that may be in effect. Additionally, if there is no language that production has to be of recoverable size and condition, would this mean insurance providers have to appraise every single harvested field to prove that any onions left in the field after harvest did not make grade? Would the insurance providers have to go to the Loss Adjustment Manual and prove the small onions were not able to be mechanically harvested?

Response: FCIC agrees and has retained the deleted phrase “of recoverable size and condition” and has retained the current definition in the final rule.

Comment: A commenter stated the definition of “planted acreage” states, “in addition to the definition contained in the Basic Provisions, onions must be planted in rows.” The commenter noted in the Basic Provisions, planted acreage is “land in which seeds, plants, or trees have been placed...” The commenter asks if an onion set (bulb) may not be considered a seed (otherwise a conflict between direct seeded and transplanted will result). The commenter asked FCIC to consider revising the definition of “planted acreage” in the Onion Crop Provisions to “...land in which seeds, sets, or plants have been placed...”

Response: Although no changes were proposed to this provision, the commenter has identified a potential conflict within the policy because sets, which are bulbs, are not considered seeds, plants or trees, which are used in the definition of planted acreage in the Basic Provisions. Therefore, sets must be added to the definition in these Crop Provisions. FCIC has revised the definition of “planted acreage” include a reference to sets.

Comment: A few commenters supported the change to the definition of “production guarantee (per acre)” that increased the first stage production guarantee for direct seeded onions from 35 percent to 45 percent of the final stage production guarantee, and also supported the corresponding change of the prevented planting coverage from 45 percent to 35 percent in section 15. The commenters wanted FCIC to adequately account for any increased coverage in the rating methodology for areas where this first stage guarantee was not previously increased in the Special Provisions.

Response: FCIC agrees with the commenters and will evaluate and adjust premium rates as necessary.

Comment: A commenter stated the term “sets” is added as a definition, but is not used in the current Onion Crop Provisions or the proposed rule. The definition of “transplanted” continues to refer to “...placing of the onion plant or bulb...” The commenter asked FCIC to consider revising the definition of “transplanted” to read “...placing of the plant or sets...” and replace the term “bulb” with “sets” where it appears in the Onion Crop Provisions and is used in the context of planting the crop. The commenter stated this change provides consistency with usage of the term “sets” in proposed section 3(b)(2)(ii).

Response: FCIC agrees with the commenter and has revised the definition of “transplanted” by replacing the word “bulb” with “sets.” FCIC also agrees that transplanted and sets are used in the context of planting the acreage and has revised the definition of “planted acreage” to include direct seeded and transplanting to clarify the methods of planting the crops. These changes will provide consistency within the Crop Provisions.

Comment: A few commenters stated the definition of “storage onions” begins with the phrase “Onions other than a Bermuda, Granex, or Grano variety” and ends with the added sentence “Includes varieties grown for a processor under the requirements of a processor

contract.” The commenters questioned if Bermuda, Granex or Grano onions could ever be grown for processing resulting in a contradiction between these two sentences. The commenters stated perhaps this potential conflict could be resolved by moving the added language to the first sentence to state “Onions other than a Bermuda, Granex, or Grano variety, or hybrids developed from these varieties, and including onions grown under a processor contract.” The commenters stated another alternative is if the added last sentence is left where it is, it could begin with “Storage onions include varieties...” and consider if it would be sufficient to say “grown under a processor contract” or “grown for processing” instead of “grown for a processor under the requirements of a processor contract.”

Response: FCIC agrees with the commenters and has revised the provisions by removing the last sentence. It is the type of onion that determines whether it is a storage onion, not whether it is grown under a contract. Therefore, this provision is not needed. Any onions meeting the definition are considered storage onions, and this would include onions grown under a processing contract if they meet the requirements.

Comment: A few commenters recommended in the definition of “storage onions” to add a comma in the first sentence after the phrase “or hybrids developed from these varieties” similar to the definition of “non-storage onions.”

Response: FCIC agrees with the commenters and has revised the definition accordingly.

Section 3 - Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

Comment: A commenter recommended revising section 3(b) from “...same stage to qualify for the applicable stage guarantee...” to “...same stage to qualify for the first and second stages...” The commenter stated the current provision incorrectly suggests that eligibility for the final stage requires a determination that at least 75 percent of the plants have reached the final stage when in fact the final stage is based on the completion of topping and lifting or digging the

onion acreage.

Response: Although no changes were proposed to this provision, the commenter has identified a conflict in the provisions that need to be corrected to eliminate this ambiguity. FCIC has revised section 3(b) to clarify all stages are determined on an acre basis and only the first and second stage rely on a percentage of plants reaching a growth stage to determine eligibility for the applicable stage.

Comment: A commenter questioned if the phrase "...until eligible for the final stage" is required in section 3(b)(2), should it not also be included in section 3(b)(1) as follows "...until eligible for the second stage."

Response: No changes were proposed to this provision and the proposed change does not address a conflict or vulnerability in the provision. No change has been made to the final rule.

Comment: Several commenters requested FCIC further clarify the phrase "...the majority of producers in the area would not normally further care for the onions..." in section 3(c). The commenters stated the insurance providers need to have the option to stage the crop according to the date of damage based on their assessment of the severity of the damage without this being a point of contention with producers. The commenters stated this language has proved extremely difficult to administer and poses a real problem in areas where there are very few producers of a particular crop.

Response: FCIC understands the commenters concern that it can be difficult to determine a majority in an area that has few producers of the insured crop. The provision is flexible so that no matter the total number of producers of the crop in the area, an insurance provider will base their determination on a simple majority. This provision is necessary to prevent program abuse of advancing the stages of a heavily damaged crop in order to receive a higher production guarantee resulting in a larger indemnity payment. When an insurance provider determines the

crop is damaged to the extent that the majority of producers would not further care for the damaged crop then the liability will be limited to the stage production guarantee when the damage occurred. The proposed first sentence “The indemnity payable for any acreage of onions will be based on the stage the plants achieved when damage occurred” could be misinterpreted to mean that any amount of damage to the onion crop would stop the progression of the production guarantee. FCIC has revised section 3(c) by removing the proposed first sentence because it conflicts with the rest of the provision.

Section 5 - Cancellation and Termination Dates

Comment: A commenter stated the proposed cancellation and termination date of November 30 for all California Counties, except Lassen, Modoc, Shasta and Siskiyou do not align with the distinct growing period of California. The commenter stated the planting of onions in California generally begins as early as September and, therefore, September 30 would be a more appropriate date for cancellation and termination in this region of the country.

Response: FCIC agrees with the commenter and has revised the provision accordingly.

Section 6 - Report of Acreage

Comment: A few commenters stated the Special Provisions for onions in Georgia designate separate planting periods, but the Onion Crop Provisions are silent on this issue. The commenters requested the Onion Crop Provisions or the Special Provisions for Georgia be amended to include a definition of “planting period.” The commenters also requested adding a provision to section 6 of the Onion Crop Provisions which would amend section 6(a)(3) of the Basic Provisions, and make it clear when acreage reports for onions are due in these counties in situations where producers may also have other crops insured under the same policy.

Response: FCIC disagrees that the Special Provisions for Georgia designate separate planting periods. The Special Provisions for Georgia list planting dates for separate practices of

planting such as direct seeded and transplanted. The onion crop is planted earlier for the direct seeded practice and later for the transplanted practice. For either practice of planting the onion crop results in similar development, maturity, and harvest periods. Since there are not separate planting periods, section 6(a)(3) of the Basic Provisions is not applicable. The planted and insured onion crop acres must be reported by the latest applicable acreage reporting date specified in the Special Provisions. No change has been made to the final rule.

Section 10 - Insurance Period

Comment: A commenter stated the proposed language separating the end of insurance date for Walla Walla Sweets (July 31st) from other non-storage onions (August 31st) is incorrect for Oregon and Washington. The commenter recommended revising the language for Oregon and Washington to read “July 31 for fall planted non-storage onions in Oregon and Washington.”

Response: FCIC agrees with the commenter and has revised the provision accordingly.

Comment: A commenter stated in section 10(b)(2) the words “Basic Provision” should be corrected to “Basic Provisions.”

Response: FCIC agrees with the commenter and has revised the provision accordingly.

Section 11 - Causes of Loss

Comment: A commenter recommended section 11(a)(2) be revised to clarify an insured cause of loss is “Fire, due to natural causes,...” or “Fire, if caused by lightning,...” as in the proposed revisions to the Tobacco Crop Provisions.

Response: FCIC disagrees with the commenter. Revising the insured cause of loss to read “Fire, due to natural causes...” is not necessary since section 12 of the Basic Provisions states all insured causes of loss must be due to a naturally occurring event. Further, the Federal Crop Insurance Act also limits coverage to naturally occurring events. To include this requirement for a single cause of loss in the Onion Crop Provisions will only create confusion regarding whether

or not the other listed causes must be naturally occurring. FCIC also disagrees with revising the insured cause of loss to read “Fire, if caused by lightning...” as in the proposed revisions to the Tobacco Crop Provisions. “Fire, if caused by lightning...” was proposed in the Tobacco Proposed Rule but due to public comments, the original provision, “Fire,” was retained because there are naturally occurring fires caused by something other than lightning, such as wildlife getting stuck in transformers causing sparks to trigger a fire. No change has been made to the final rule.

Section 13 - Duties in the Event of Damage or Loss

Comment: Several commenters recommended revising section 13(a). A commenter suggested removing the word “unharvested” as representative samples of the unharvested crop that may be required cannot be topped, lifted, or dug as the term “harvest” by definition applies only after the acreage has been topped, lifted or dug, thus such acreage that is topped, lifted, or dug is still unharvested. This commenter further stated the proposed change does not achieve its objective (leaving the acreage undisturbed) as in the following sentence, “The samples must not be harvested or destroyed until the earlier of our inspection...” reverts back to the harvest term which describes removal of the onions from the field after lifting or digging. A few other commenters suggested moving the proposed phrase “cannot be topped, lifted, or dug and” to the last sentence, which would be revised to read, “The samples must not be topped, lifted, dug, harvested or destroyed until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed.” These commenters suggested if the phrase is left in the first sentence to add a comma after the phrase “or dug”.

Response: FCIC agrees with the commenters and will remove the word “unharvested.” FCIC will also move the added phrase “cannot be topped, lifted, or dug and” to the last sentence and change the wording accordingly as suggested.

Section 14 - Settlement of Claim

Comment: A commenter stated in the section 14(b)(7) example, the total production to count is determined at the unit level not for part of the unit. The commenter asked FCIC to consider revising “total production to count” to “harvested production to count.” Similar revisions elsewhere in this example should be made using the words “appraised” or “harvested” as applicable or by removing the word “total” all together.

Response: FCIC has reviewed all references to the word “total” throughout the section 14(b)(7) example and revised them as necessary.

Comment: A commenter suggested in the introduction to the section 14(b)(7) example, revising the phrase “16,000 hundredweight total production to count” to “16,000 hundredweight of harvested production to count.”

Response: FCIC agrees with the commenter and has revised the provision accordingly.

Comment: A commenter suggested in step (3) of the section 14(b)(7) example, adding the word “guarantee” as in “\$24,000 value of second stage production guarantee...”

Response: FCIC agrees with the commenter and has revised the provision accordingly.

Comment: A commenter suggested in step (4) of the section 14(b)(7) example, adding the phrase “step 4” into the phrase “...(from section 14(c)(1)(iv) example)...”

Response: FCIC agrees with the commenter and has revised the provision to read “(from step 4 of the section 14(c)(1)(iv) example).”

Comment: A commenter suggested in the section 14(c)(1)(iv) example, revising the phrase “total production to count” to “appraised production to count” for each instance the phrase is used. The commenter states section 14(c)(1) deals with determining appraised production to count, not total production to count. The commenter also states total production to count is determined at the unit level not for part of the unit.

Response: FCIC agrees with the commenter that section 14(c)(1) deals with appraised production, but the example for section 14(c)(1)(iv) deals with determining production to count for appraised production on acreage that does not qualify for the final stage guarantee. FCIC has revised the provisions by removing the term “total” but has not added the term “appraised.”

Comment: A commenter suggested numbering the steps in the section 14(c)(1)(iv) example similar to how the steps were numbered for the section 14(b)(7) example.

Response: FCIC agrees with the commenter and has revised the provision accordingly.

Comment: A commenter suggested in the fourth step of the section 14(c)(1)(iv) example adding the phrase “step 4” into the phrase “...(for section 14(b) example)...”

Response: FCIC agrees with the commenter and has revised the provision to read “(for step 4 of the section 14(b) example).”

Comment: A few commenters stated the section 14(c)(1)(iv) example disrupts the flow from (i), (ii), (iii), (iv), and (v). The commenters suggested three possible solutions for consideration: (1) Move the example to the end of 14(c); (2) Move both examples from section 14 to the end of the Crop Provisions with references to the examples in sections 14(b) and (c); or (3) Move the “; and” following section 14(c)(1)(iv) to the end of the example.

Response: FCIC disagrees with the commenters because the cited example after section 14(c)(1)(iv) specifically addresses the provisions as stated in section 14(c)(1)(iv). No change has been made.

Section 15 – Prevented Planting

Comment: A few commenters expressed their support for the proposed change to the prevented planting coverage from 45 percent to 35 percent in section 15 and the corresponding increasing of the first stage coverage from 35 percent to 45 percent of the final stage production guarantee in the section 1 “production guarantee (per acre)” definition. The commenters stated

that this change recognizes there are more costs incurred by a producer for onions damaged in the first stage versus a prevented planting situation.

Response: FCIC thanks the commenter for their review of the proposed rule and their support. The proposed changes have been retained in this final rule.

List of Subjects in 7 CFR Part 457

Crop insurance, Onion, Reporting and recordkeeping requirements.

Final Rule

Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation amends 7 CFR part 457 effective for the 2013 and succeeding crop years as follows:

PART 457 - COMMON CROP INSURANCE REGULATIONS

1. The authority citation for 7 CFR Part 457 continues to read as follows:

Authority: 7 U.S.C. 1506(l), 1506(o).

2. Amend § 457.135 as follows:

a. Revise the introductory text;

b. Add definitions in section 1 for “Processor”, “Processor contract”, and “Sets”; and revise the definitions of “Direct seeded”, “Non-storage onions”, “Planted acreage”, “Production guarantee (per acre)”, “Storage onions”, “Topping”, “Transplanted”; and remove the definition of “Type”;

c. Remove the first section 2 heading and revise section 2;

d. Amend section 3(a) by removing the phrase “(Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities)”;

e. Revise section 3(b) introductory text;

f. Revise sections 3(b)(2)(i), 3(b)(2)(ii), and 3(b)(3);

g. Revise section 3(c);

- h. Revise section 4;
- i. Revise section 5;
- j. Redesignate sections 6 through 14 as sections 7 through 15, respectively, and add a new section 6;
- k. Amend newly redesignated section 7 by removing the phrase “(Annual Premium)”;
- l. Revise newly redesignated section 8 introductory text;
- m. Amend newly redesignated section 9 introductory text by removing the phrase “(Insurable Acreage)”;
- n. Amend newly redesignated section 9(a) by removing the word “specified” and adding the word “designated” in its place;
- o. Amend newly redesignated section 10(a) by removing the phrase “addition to” and adding the phrase “accordance with” in its place, and also removing the phrase “(Insurance Period)”;
- p. Revise newly redesignated section 10(b);
- q. Amend newly redesignated sections 11(a) introductory text and 11(b) by removing the phrase “(Causes of Loss)”;
- r. Amend newly redesignated section 12(a) by removing the phrase “(Replanting Payment)”;
- s. Revise newly redesignated section 13(a);
- t. Amend newly redesignated section 14 by removing the phrase “section 13” and adding the phrase “section 14” in its place everywhere it appears;
- u. Amend newly redesignated section 14(b)(6) by removing the phrase “13(b)(3)” and adding the phrase “14(b)(3)” in its place
- v. Add an example after newly redesignated section 14(b)(7);
- w. Amend newly redesignated section 14(c)(1)(i)(B) by removing the phrase “section 12” and adding the phrase “section 13” in its place;

- x. Revise newly redesignated section 14(c)(1)(iv);
- y. Add an example after newly redesignated section 14(c)(1)(iv); and
- z. Revise newly redesignated section 15.

The revised and added text reads as follows:

§ 457.135 Onion crop insurance provisions.

The onion crop insurance provisions for the 2013 and succeeding crop years are as follows:

* * * * *

1. Definitions.

* * * * *

Direct seeded. Onions planted by placing onion seed by machine or by hand at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

* * * * *

Non-storage onions. Onions of a Bermuda, Granex, or Grano variety, or hybrids developed from these varieties, that are harvested as a bulb and dried only a short time, and consequently have a higher moisture content. They are thinner skinned, contain a higher sugar content, and are milder in flavor than storage onions. Due to a higher moisture and sugar content, they are subject to deterioration both on the surface and internally if not used shortly after harvest.

* * * * *

Planted acreage. In addition to the definition contained in the Basic Provisions, onions, including sets, must be direct seeded in rows or transplanted in rows.

Processor. Any business enterprise regularly engaged in buying and processing onions, that possesses all licenses and permits for processing onions required by the State in which it operates, and that possesses facilities, or has contractual access to such facilities, with enough

equipment to accept and process contracted onions within a reasonable amount of time after harvest.

Processor contract. A written agreement between the producer and a processor, containing at a minimum:

(a) The producer's commitment to plant and grow onions of the types designated in the Special Provisions and to deliver the onion production to the processor;

(b) The processor's commitment to purchase all the production from a specified number of acres or the specified quantity of onion production stated in the processor contract; and

(c) The price that will be paid for the production.

Production guarantee (per acre).

(a) First stage production guarantee - Forty-five percent (45%) of the final stage production guarantee for direct seeded and transplanted storage and non-storage onions, unless otherwise specified in the Special Provisions.

(b) Second stage production guarantee - Seventy percent (70%) of the final stage production guarantee for direct seeded storage onions and 60 percent (60%) of the final stage production guarantee for transplanted storage onions and all non-storage onions, unless otherwise specified in the Special Provisions.

(c) Final stage production guarantee - The quantity of onions (in hundredweight) determined by multiplying the approved yield per acre by the coverage level percentage you elect.

Sets. Onion bulbs that are planted by hand or by machine.

Storage onions. Onions, other than a Bermuda, Granex, or Grano variety, or hybrids developed from these varieties, that are harvested as a bulb and dried to a lower moisture content, are firmer, have more outer layers of paper-like skin, and are darker in color than non-storage onions. They are more pungent, have a lower sugar content, and can be stored for

several months under proper conditions prior to use without deterioration.

Topping. A pre-harvest process to initiate curing, in which onion foliage is removed or broken.

Transplanted. Onions planted by placing of the onion plant or sets, by machine or by hand at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

2. Unit Division.

In addition to the requirements of section 34 of the Basic Provisions, optional units may be established by type, if separate types are designated in the Special Provisions.

3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities.

* * * * *

(b) Your production guarantee progresses, in stages, to the final stage production guarantee. Stages will be determined on an acre basis. At least 75 percent (75%) of the plants on such acreage must be at the same stage to qualify for the first and second stages. The stages are as follows:

(2) * * *

(i) For direct seeded storage and non-storage onions, from the emergence of the fourth leaf until eligible for the final stage; and

(ii) For transplanted storage and non-storage onions, from the 31st day after transplanting of onion plants or sets until eligible for the final stage.

(3) Final stage extends from the completion of topping and lifting or digging on the acreage until the end of the insurance period.

(c) Any acreage of onions damaged in the first or second stage, to the extent that the majority of producers in the area would not normally further care for the onions, will have a production

guarantee for indemnity purposes, based on the stage in which the damage occurred, even if you continue to care for the damaged onions.

4. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is:

(a) June 30 preceding the cancellation date for counties with an August 31, September 30, or November 30 cancellation date;

(b) November 30 preceding the cancellation date for counties with a February 1 cancellation date; or

(c) As designated in the Special Provisions.

5. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are as follows, unless otherwise designated in the Special Provisions:

<u>State & County</u>	<u>Cancellation Date</u>	<u>Termination Date</u>
Arizona; Georgia; Kinney, Uvalde, Medina, Bexar, Wilson, Karnes, Bee, and San Patricio Counties, Texas, and all Texas Counties lying south thereof.	August 31	August 31
Umatilla County, Oregon; and Walla Walla County, Washington.	August 31	September 30
All California Counties,		

except Lassen, Modoc,

Shasta and Siskiyou.

September 30

September 30

Hawaii.

September 30

November 30

All other states and

counties.

February 1

February 1

6. Report of Acreage.

In addition to the provisions of section 6 of the Basic Provisions, if the Special Provisions require a processor contract to insure your onions, you must provide a copy of all your processor contracts to us on or before the acreage reporting date.

* * * * *

8. Insured Crop.

In accordance with section 8 of the Basic Provisions, the crop insured will be all the storage and non-storage onions (excluding green (bunch) or seed onions, chives, garlic, leeks, shallots, and scallions) in the county for which a premium rate is provided by the actuarial documents:

* * * * *

10. Insurance Period.

* * * * *

(b) In accordance with the provisions of section 11 of the Basic Provisions, unless otherwise designated in the Special Provisions, the insurance period ends at the earliest of:

(1) The calendar date for the end of the insurance period as follows:

(i) May 20 for 1015 Super Sweets, and any other non-storage onions in Cameron, Hidalgo, Starr, and Willacy Counties, Texas;

- (ii) June 1 for Vidalia, and any other non-storage onions planted in the state of Georgia;
 - (iii) June 30 for all storage and non-storage onions in Arizona;
 - (iv) July 15 for 1015 Super Sweets, and any other non-storage onions for all Texas counties except Cameron, Hidalgo, Starr, and Willacy;
 - (v) July 31 for fall planted non-storage onions in Oregon and Washington;
 - (vi) August 31 for all non-storage onions not otherwise specified; and
 - (vii) October 15 for all storage onions not otherwise specified; or
- (2) In addition to the requirements of section 11(b) of the Basic Provisions, fourteen days after lifting or digging.

* * * * *

13. Duties in the Event of Damage or Loss.

(a) In accordance with the requirements of section 14 of the Basic Provisions, any representative samples of the crop that may be required must be at least 10 feet wide and extend the entire length of each field in the unit. The samples must not be topped, lifted, dug, harvested or destroyed until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed.

* * * * *

14. Settlement of Claim.

* * * * *

(b) * * *

(7) * * *

For Example:

You have a 100 percent share in 100 acres of a unit of transplanted storage onions with a production guarantee of 200 hundredweight per acre, and you select 100 percent of the price

election of \$8.00 per hundredweight. Your crop suffers a covered cause of loss on 25 acres during the second stage which has a second stage production guarantee of 60 percent of the final stage production guarantee which equals 120 hundredweight per acre. The appraised production on the 25 acres was 2,500 hundredweight of onion production. Your harvested onion production on the remaining 75 acres is 16,000 hundredweight of harvested production to count. Your indemnity will be calculated as follows:

(1) 25 acres x 120 hundredweight (200 x .60) second stage production guarantee = 3,000 hundredweight, and 75 acres x 200 hundredweight final stage production guarantee = 15,000 hundredweight;

(2) 3,000 hundredweight second stage production guarantee x \$8.00 price election = \$24,000 value of second stage production guarantee, and 15,000 hundredweight final stage production guarantee x \$8.00 price election = \$120,000 value of final stage production guarantee;

(3) \$24,000 value of second stage production guarantee + \$120,000 value of final stage production guarantee = \$144,000 total value of production guarantee;

(4) 500 hundredweight second stage production to count (from step 4 of the section 14(c)(1)(iv) example) x \$8.00 price election = \$4,000 value of second stage production to count, and 16,000 hundredweight final stage production to count x 8.00 price election = \$128,000 value of final stage production to count;

(5) \$4,000 value of second stage production to count + \$128,000 value of final stage production to count = \$132,000 total value of production to count;

(6) \$144,000 total value of production guarantee - \$132,000 total value of production to count = \$12,000 value of loss; and

(7) \$12,000 x 100 percent share = \$12,000 indemnity payment.

(c) * * *

(1) * * *

(iv) For acreage that does not qualify for the final stage production guarantee, and is not subject to section 14 (c)(1)(i) and (ii), the appraised production is reduced by the difference between the first or second stage (as applicable) and the final stage production guarantee; and

For Example:

You have 100 acres of a unit of transplanted storage onions with a production guarantee of 200 hundredweight per acre. Your crop suffers a covered cause of loss on 25 acres during the second stage which has a second stage production guarantee of 60 percent of the final stage production guarantee. The appraised production on the 25 acres was 2,500 hundredweight of onion production. Your second stage production to count on the 25 acres will be calculated as follows:

(1) 25 acres x 200 hundredweight final stage production guarantee = 5,000 hundredweight final stage production guarantee,

(2) 5,000 hundredweight final stage production guarantee x 60 percent second stage production guarantee = 3,000 hundredweight second stage production guarantee,

(3) 5,000 hundredweight final stage production guarantee – 3,000 hundredweight second stage production guarantee = 2,000 hundredweight difference between second stage and final stage production guarantee, and

(4) 2,500 hundredweight appraised – 2,000 hundredweight difference = 500 hundredweight second stage production to count (for step 4 of the section 14(b) example).

* * * * *

15. Prevented Planting.

Your prevented planting coverage will be 35 percent (35%) of your final stage production guarantee for timely planted acreage. Additional prevented planting coverage levels are not

available for onions.

Signed in Washington, D.C., on February 29, 2012_____.

William J. Murphy
Manager
Federal Crop Insurance Corporation

[FR Doc. 2012-5652 Filed 03/07/2012 at 8:45 am; Publication Date: 03/08/2012]